Telephony

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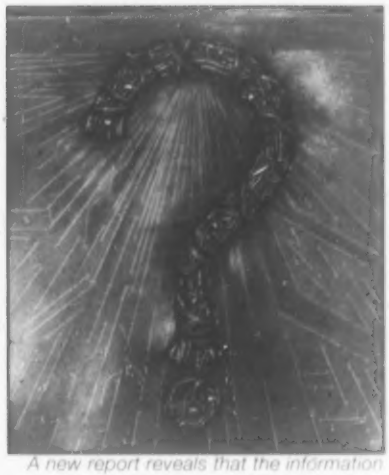
Telephony

FOR TODAY'S COMPETITIVE PUBLIC-NETWORK MARKET



A new report reveals that the information many telephone companies use to justify the cost of installing fiber in their networks is questionable at best. Probe Research targets the problems and suggests reforms. Cover artwork by Laura M. Doyle

DEPARTMENTS

43 ADVERTISERS' INDEX

37 HELP WANTED

7 IN MY OPINION

18 MEETINGS

33 MOVING AROUND INDUSTRY

32 NEW PRODUCTS AND SERVICES

34 PUBLIC NETWORK MARKETPLACE

42 TELECOM PROFESSIONAL

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NEWS OF THE WEEK

8 **RHCs HOLD TO ISDN PROJECTIONS**
A new Bellcore report says 61.9 million lines will be capable of delivering the digital network technology by 1994

9 **AT&T FORMS VENTURE IN UKRAINE**
The deal to modernize the republic's infrastructure establishes AT&T alongside some of the Bell regional holding companies in taking advantage of opportunities in the C.I.S.

9 **NEW JERSEY ADOPTS INCENTIVE REGULATION**
Proponents say plan will spark fiber deployment statewide

9 **ANOTHER ARGENTINA DEAL COLLAPSES**
GTE joins Bell Atlantic as the second U.S. phone company jilted as a result of Argentine business methods

10 **SW BELL CHARTS SONET COURSE**
Southwestern Bell will begin to evolve its network to SONET this year after economic studies confirm its cost-effectiveness and tests of OC-3 point-to-point gear bear out

FEATURES

20 **THE CASE FOR HYBRID NETWORKS**
By Timothy Rubert and Kevin Dickinson. Hybrid T-1/ISDNs provide users with a host of advantages and can be implemented using ISDN access servers

26 **WHAT DO TELCOS KNOW ABOUT THE LOOP?**
By Allan Tumolillo. A new study by Probe Research reports that the information many telcos use to justify putting fiber in the subscriber loop is fundamentally flawed

30 **ISDN LOOKS FOR BIG MO IN 1992**
By Ann H. Lindström. Bellcore's National ISDN-1 standard has breathed new life into ISDN. Starting next year, building the renewed technology's infrastructure promises to be intense

44 **PERSPECTIVES**
By Carol Wilson. The COMPASS broadband experiment almost overshadows Super Bowl excitement for those in U S West's Minneapolis office

Bellcore report shows most RHCs maintaining ISDN course

Ann H. Lindstrom, Assistant Editor

A total of 61.9 million U.S. telephone lines will be capable of delivering integrated services digital network by the end of 1994, according to a report released by Bellcore last week. The document, ISDN Deployment Data, confirms that the three-year ISDN deployment plans for most of the Bell regional holding companies have held steady since the initial commitments were made six months ago.

Although two Bell regional holding companies lowered their goals by a combined total of 36%, they blamed the stumbling economy for their adjustments.

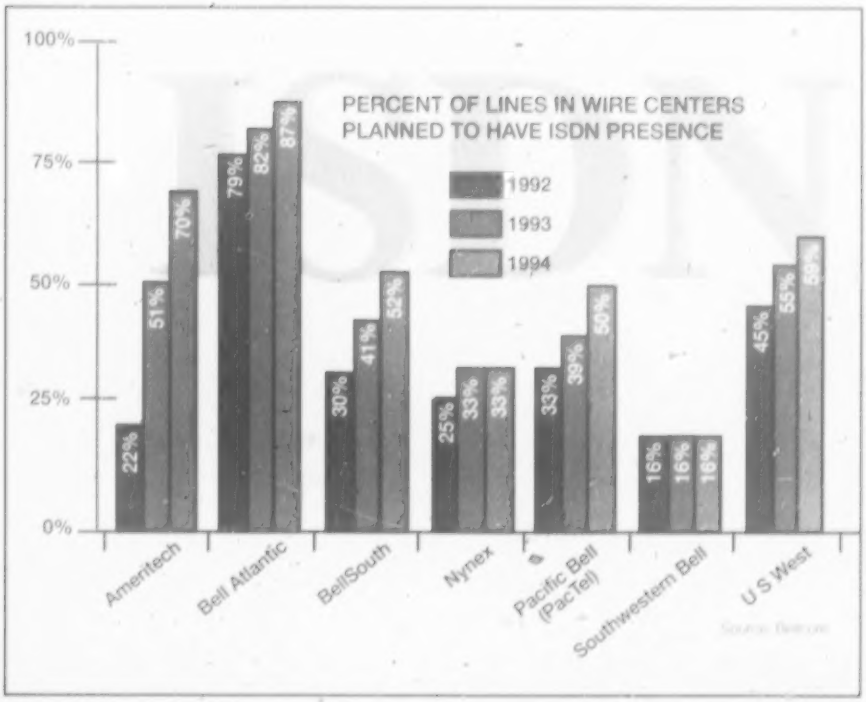
Another two RHCs, however, increased their projected goals by a total of 15%. The three remaining companies' projections remained the same, according to Dick Aloia, Bellcore's assistant vice president of network access technology and ISDN project coordinator.

Ameritech now is aiming for 70% by 1994, instead of 90%. It hopes to reach 90% by 1996, said Aloia. Southwestern Bell now plans to equip 16% of its lines by 1994, instead of 32%, he said. Spokesmen for both RHCs said that, in spite of the readjustments, neither company has reduced its commitment to the National ISDN-1 standards effort, which calls for accelerated deployment, switch interoperability and customer premises equipment portability and increased availability.

On the upside, U S West increased its goal from 51% to 59%, and Nynex stepped up projections from 26% to 33%, said Aloia. Pacific Telesis, BellSouth and Bell Atlantic are sticking with their original numbers, which are 50%, 52% and 87%, respectively.

"When you add it all up, the schedules are virtually the same as they were in July," said Aloia. "Every time we reissue this report, things will become more firm. The July predictions were made for something that was to begin more than a year from that time. These projections reflect deployment that will begin nine months from now."

Indeed, many of ISDN's proponents predict 1992 will be the biggest year yet for ISDN deployment (see article on page 30).



The report, which will be updated every six months, is Bellcore's answer to the industry's request for specific information on RHC ISDN plans. It represents the first time that this information has been offered in one study, he added. Telephone companies are expected to use that data as reference when customers with multiple locations ask about the timing of ISDN rollouts in different parts of the country.

Although Bellcore is "delighted" with the contents of the report, several industry analysts remain skeptical that, in spite of its increased availability, ISDN will not be an easy sell.

"The telcos won't sell even close to that number of lines," said Steve Sazegari, Dataquest analyst. "The RHCs don't have the applications or prices in place to encourage people to switch to ISDN."

Bellcore, however, expects 20% of ISDN-capable lines to be in use by late in the decade, countered Aloia. "And that is enough to support the technology.

Today there is more demand than availability, and it is not priced as attractively as one would like for mass consumption. But nothing ever starts out with attractive prices," he added, citing the cost cycle of once very expensive videocassette recorders, which are now affordable and popular.

The ratio of lines equipped with ISDN vs. the number of lines in use still is very poor, said Fritz Ringling, Insight Research analyst. Of the 26.4 million ISDN-capable lines available in 1991, only 120,000 were in service nationwide, he said. According to Ringling's data, however, interest in ISDN continues to rise despite the cavernous ratio. The number of companies that had not yet tried ISDN dropped from 78% in 1990 to 50% in 1991. Customers using one to five lines increased from 15% to 25% over the same period.

Ringling, who agreed that 20% use would support the technology if it were attained, pointed out that the telcos will find it difficult to reach the large market for ISDN—residents and small businesses—unless they prepare to make more sales through personal contact, almost on a door-to-door basis.

"You can't sell it on the phone," said Ringling. "You've got to be the Fuller Brush man."